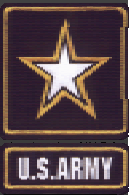


Transformation Management Fundamentals



— ***Army Enterprise Integration Oversight Office, CIO/G-6*** —→



Applying transformation success factors



Agenda



Section 1: What is Transformation Management?

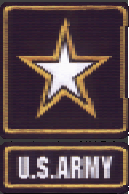
Section 2: Transformation Management Approach

Section 3: Change Direction – *What should we do?*

Section 4: Change Capability – *Can we do it?*

Section 5: Change Behavior – *Will we do it?*

Section 6: Change Sustainability – *Will we keep doing it?*

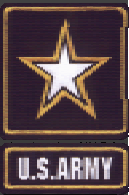


Objectives



After reviewing this presentation you will:

- Understand the basics of **Transformation Management** and **Transformation Success Factors**
- Understand how **Transformation principles** can be applied in support of Army business mission area **Enterprise Resource Planning** (ERP) and **Business Process Management** (BPM) programs
- Understand how a strong **Transformation Management** effort will contribute to Enterprise Resource Planning and Business Process Management BPM program success



Two key critical success factors

1. Leadership

Continuous executive level support driven top-down, i.e. SECARMY to ensure ERP or BPM program success

2. Communication

Constant, two-way flow of information between leadership and stakeholders

Section 1: What is transformation management?

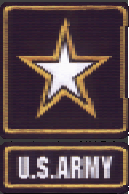
How people respond to the winds of change ...



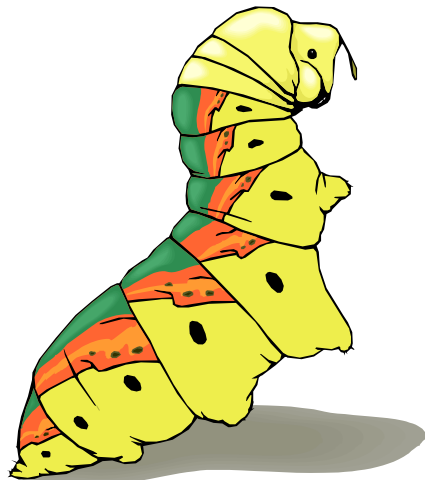
The 'Seven Wonders of Change'*

1. People feel awkward, ill at ease and self conscious
2. People will think first about what they will have to give up
3. People can only handle so much change
4. People feel alone even when everyone around them is going through the same change
5. People are always concerned with not having enough resources
6. People are generally at different levels of readiness
7. If you take the pressure off, people will revert back to old behavior

**Kenneth Blanchard: One Minute Manager Series*



Managing organizational change...



“The hard stuff is easy — it’s the soft stuff that’s so hard to change.”

**Frederick Smith
CEO, Federal Express**

...is critical to our success!!

"The reason that innovation often seems to be so difficult for established companies is that they employ highly capable people and then set them to work within organizational structures whose processes and values weren't designed for the task at hand".

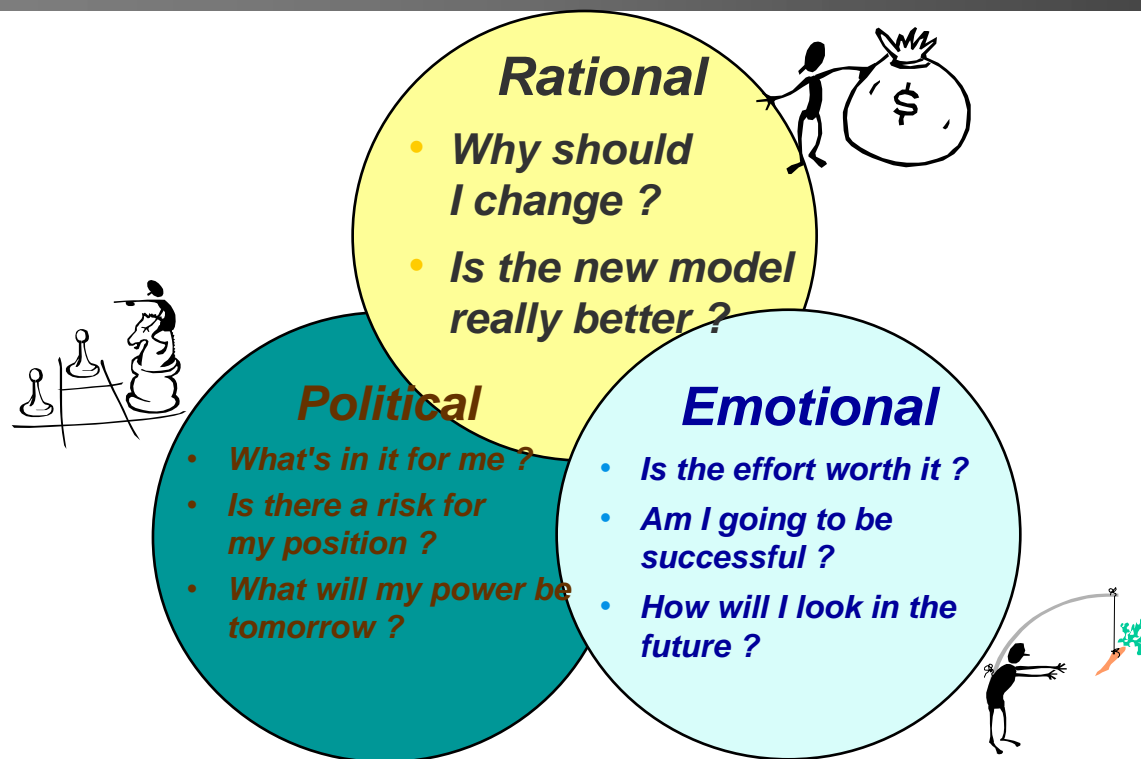
"Meeting the Challenge of Disruptive Change" HBR

Historically, most major business transformation efforts fail. The failure rate is often as high as 65 percent to 75 percent. The primary cause of failure is most frequently the failure to anticipate and effectively manage cultural and organizational change.

Gartner Group, 1999

People will make or break any change effort!

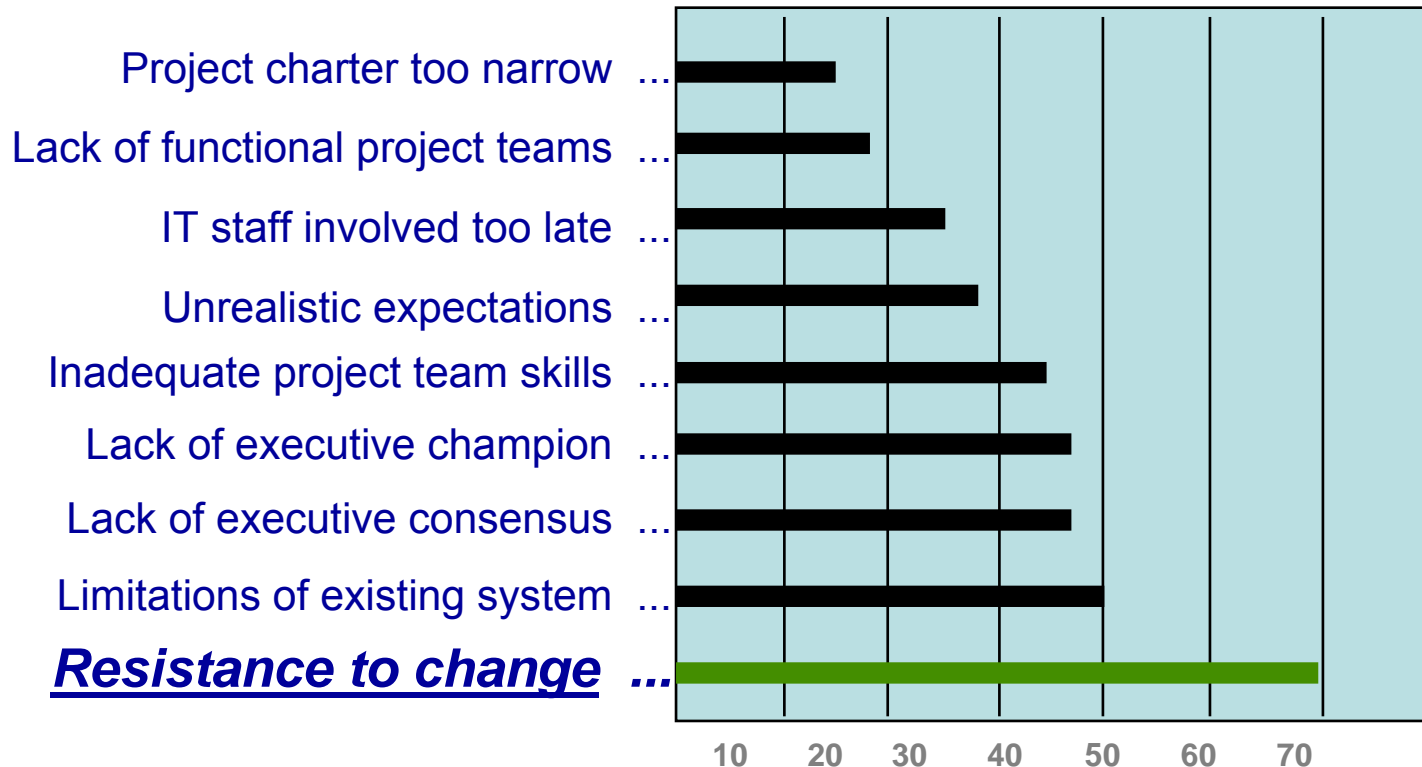
People view change from three perspectives



- Addressing the rationale of change is only a starting point
- Understanding and addressing the political and emotional dimensions of change is essential for sustainable change
- Transformation Management team's role is to proactively help ERP and BPM program stakeholders feel comfortable on all three perspectives

Why do transformation efforts fail?

CEOs Respond to the Gartner Group



What does 'Resistance'....

Look like...

Sound like...

Opposition



"This will never work..."

Decreased Output



"I will just wait and see..."

Hostility



"What are 'they' thinking??"

Withholding Information



"We just won't invite them..."

Making the new harder than
it is



"I'm never going to learn this new
process..."

Poor teamwork, refusal to
participate, foot dragging



"I'm not doing it that way..."

"We don't have time for this..."

"Who is going to do my *job*.."

What is the "Price of Resistance"?

	<u>Compliance</u>	<u>Commitment</u>
Price of Resistance	Paid Later	Paid Early
Initial Investment	Lower	Higher
Maintenance Cost	Higher	Lower
Implementation Speed	Initially faster, ultimately slower	Initially slower, ultimately faster
Stakeholders Investment	Bodies	Bodies and Souls
Stakeholders Motivation	Individual Security	Project Success
Commitment Level Achieved	Institutionalized	Internalized

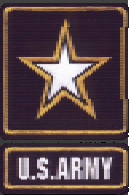
What is transformation management?

- Transformation Management is a process, not an event.
- It is the *process, tools, and techniques* to manage the people-side of change to achieve the most successful outcome. Transformation management is not the process of defining a solution, but rather the tools and techniques to realize an ERP or BPM solution within the social infrastructure of an Army business mission area program.
- Effective Transformation Management will:
 - Demonstrate and communicate the value of the transformation to the organization, and motivate key stakeholders to assist the executive leadership in driving change.
 - Define mechanisms to identify and manage cultural changes and issues required for successful ERP implementation or BPM program.
 - Define and implement organizational performance levers (education, rewards, performance metrics, etc.) required to effectively drive towards future state.
 - Ensure the stakeholders both understand and own the change. Recognize and reinforce behavior changes associated with organizational transformation.
 - Build the internal stakeholder commitment necessary to internalize and sustain the change following the initial transition.

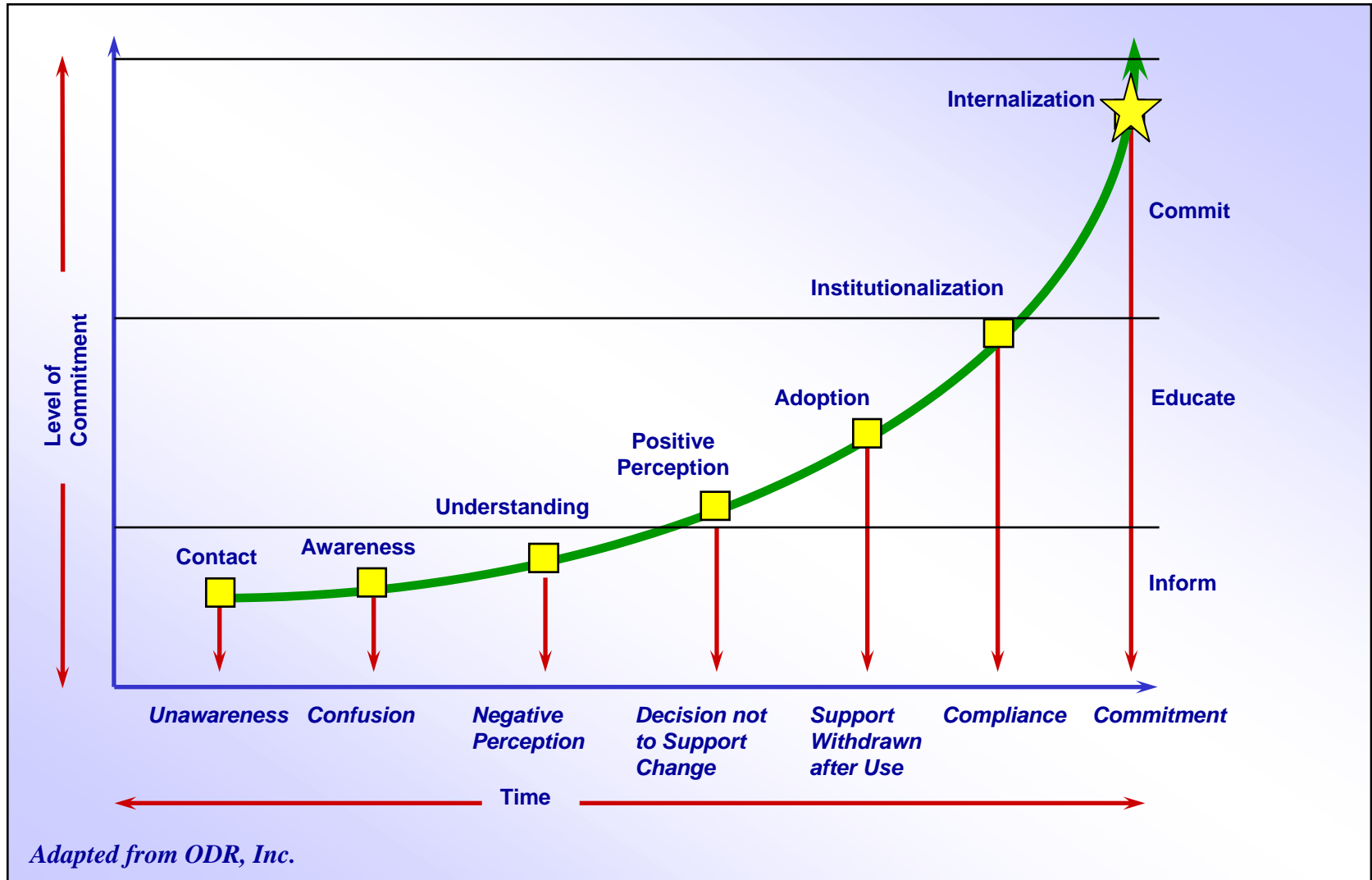
How can transformation management make a difference?



- The Transformation Management Proposition:
 - **If** the transformation management team communicates the ERP or BPM program goals, objectives, business case and approach (governance structure, roles and responsibilities) using stakeholder specific messages and channels, in a positive and timely manner....
 - **Then** the program can address and reduce the uncertainty, anxiety and resistance to change and replace it with understanding, collaboration, and cooperation
- Moving stakeholders comfortably through the Continuum of Change, and
- Delivering higher stakeholder satisfaction both during and after the implementation of the program change



Continuum of change



Section 2: Transformation management approach

- Traditional Transformation Management Strategies
- ESCC (Enterprise Solution Competency Center) Recommended Transformation Management Approach

Traditional change management

- *Often focuses on the negative*

The traditional approach to Transformation Management often finds fault with the current state, and then uses risk mitigation techniques to address the disadvantages of not changing... *Searching for problems finds problems!*

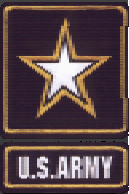


This approach often leads to defensive, argumentative, or reactionary responses – Resistance!

Successful transformation management requires...



- **Planning:**
 - An iterative process, incorporating “Lessons Learned” as you go
 - Clear performance expectations and rewards
 - Focused Change Leadership and accountability
- **Knowing that:**
 - We must address the negative, while having a positive outlook
 - Develop our people to help them find the new path
 - It requires constant evolution and team motivation
- **Leadership:**
 - Visible Support for the Transformation Vision, Goals and Objectives
 - Commitment and Consistency
 - More than one person to lead the change



Successful transformation management (cont'd)



■ Communications:

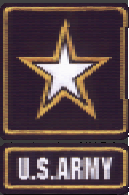
- ☐ You can not over communicate!!
- ☐ Cascading communication throughout the organization
- ☐ A Vision clearly communicated by Leadership

■ Involvement:

- ☐ Collaboration, cooperation, coordination and communication
- ☐ The involvement of leaders, impacted individuals and appropriate resources
- ☐ Celebrations of successes – large and small

■ Transformation Implementation support:

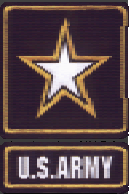
- ☐ Tools and Techniques
- ☐ Process Documentation
- ☐ Transition Planning and Knowledge transfer



Transformation management approach



- An approach to Transformation Management that shifts the focus from looking for problems to searching for and leveraging:
 - The inherent strengths, capabilities, competencies, and desire to succeed, found in all organizations - to accelerate the change process
 - The loyalty and commitment to mission success that is unique to the Army experience, and which inspires action for the greater good
 - The competitive nature of groups and teams each working toward a common objective
 - The appeal of showing progress against specific goals

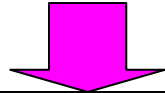


An approach that empowers! – a key differentiator



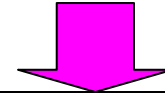
Accelerate transformation by focusing *key personnel* and time on delivering solutions to support Army ERP or BPM programs rather than documenting problems.

Traditional Transformation Approach



- Declare current organizational performance lacking, inefficient, costly
- Form teams to identify and report on problems and deficiencies
- Conduct root-cause analysis
- Brainstorm numerous solutions and perform gap analyses
- Develop Action Plans
- Apply across-the-board resource reduction targets
- Each organization fights to retain as much of the current state resources as possible

ESCC Transformation Approach



- Agree to a Future Vision and Strategy
- Communicate the Transformation Mission, Goals, Objectives and business case
- Develop Change Leadership and accountability
- Establish an enterprise wide Transformation Management Infrastructure
- Communicate the Transformation Framework and metrics of success – make the future state exciting and achievable
- Empower, support, and reward high performing teams and behaviors

– Army Enterprise Integration Oversight Office, CIO/G-6

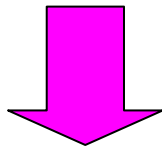


This approach sustains transformation momentum!

– a key differentiator

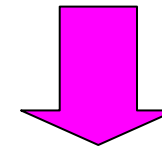
This approach enables each ERP or BPM program to build enterprise-wide solutions by encouraging teams toward advancing breakthroughs rather than incremental improvements.

Traditional Transformation Approach



- Identifies deficits, weaknesses, and problems
- Because it searches for problems, it finds problems
- Because it is negative, it generates anxiety
- Because it implies failure, it implies judgment
- Because it is the basis for change, the change is resisted

ESCC Transformation Approach



- Identifies the objective future state and builds support for the desired outcome based on commitment to the success of the enterprise-wide organization
- Because it is built on success, it inspires success
- Because it is positive, it generates enthusiasm
- Because change leadership is visible, accountable, measurable and rewarded, the change is embraced

The transformation success factors

Change Sustainability

Will we keep doing it?

Key Requirements

- Technology & systems to support strategy
- Measures tied to performance requirements
- Support processes to sustain behavior & performance levels

Behavior & culture gaps addressed

People Processes Updated

Aligned Processes & organization

Upgraded Skills & Competencies

Shared Vision & Strategy

Leaders Engaged & Aligned

Stakeholders Prepared & Mobilized

High Performing Teams

Change Behavior

Will we do it

Key Requirements

- Processes & practices to support strategy
- Organization & governance structure
- Rewards & recognitions tied to processes

Change Direction

What should we do?

Key Requirements

- Agree to a Vision and Strategy
- Executive Leaders Support & Drive Change
- Conduct a Strategic Environment Assessment
- Communicate Mission, Goals and Objectives
- Establish Program Change Leadership

Change Capability

Can we do it?

Key Requirements

- Stakeholder involvement & mobilization
- Establish Transformation Management Infrastructure
- Communicate Governance Structure, Framework, Toolkits and Reference Models

Section 3 – Change direction

What should program team do?



Key Requirements

- Agree to a Vision and Strategy for ERP or BPM Program
- Conduct Strategic Environment Assessment, support ERP or BPM solution Business Case
- Executive Leadership Drives Top-Down Support for ERP or BPM Program
- Communicate the ERP or BPM Program Mission, Goals and Objectives
 - Create Transformation Management Strategy and Plan
 - Create Communications Plan
 - Launch Communications Plan

Shared vision and strategy to articulate program direction

Shared Vision,
Strategy
& Business
Case

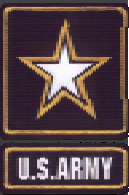
Leaders
Engaged &
Aligned



“Seeing the Destination”



- Translates ERP or BPM program business case into a compelling vision that draws people toward future state
- Defines new people, process, and technology requirements aligned with the strategy
- Specifies new behaviors for future state



Sharing the vision: Alignment

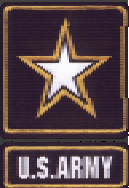
Shared Vision,
Strategy
& Business
Case

Leaders
Engaged &
Aligned



If the vision of the enterprise solution is not clear and compelling people will struggle with moving in the direction of the new processes and intended actions will not align with each other, thus wasting time and resources.

Individually & collectively people want to reframe the disruption they are experiencing and adapt their own work and development in terms of a future that is exciting and achievable.



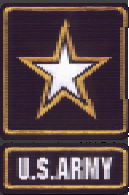
Business case to create momentum

Shared Vision,
Strategy
& Business
Case

Leaders
Engaged &
Aligned



- Identifies the forces driving the need for change
- Aligns to stakeholder values and broader business challenges
- Highlights the benefits of the new roles and responsibilities, and makes the future state positive, achievable, and exciting
- Compels action



Support business case

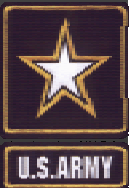
Shared Vision,
Strategy
& Business
Case

Leaders
Engaged &
Aligned



When people do not understand why the new ERP or BPM program solution matters to the organization and how it impacts or benefits them specifically, they do not act in ways that support business objectives

As people see the future vision grounded in real business needs rather than as mysterious or arbitrary decisions, they embrace it faster and act to build momentum to accelerate the transformation



Leaders engaged & aligned

Leading the Way....



- Identifies leadership roles and behaviors required for success
- Establishes clear accountability for fulfilling responsibilities
- Sets strategies for existing support and leadership of key people and initiatives

Change leadership & accountability

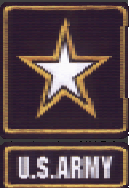
Shared
Vision,
Strategy
& Business
Case

Leaders
Engaged &
Aligned



Initiatives lose momentum and become unsustainable if leadership is not committed to executing the change. Those at the top may lose credibility, productivity may suffer and the initiative could be abandoned.

Those who share ownership for business processes will take the appropriate risks and assume the responsibility to achieve improvement solution through change.



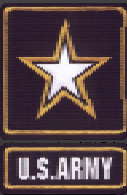
Effective leaders: Characteristics

Shared Vision,
Strategy
& Business
Case

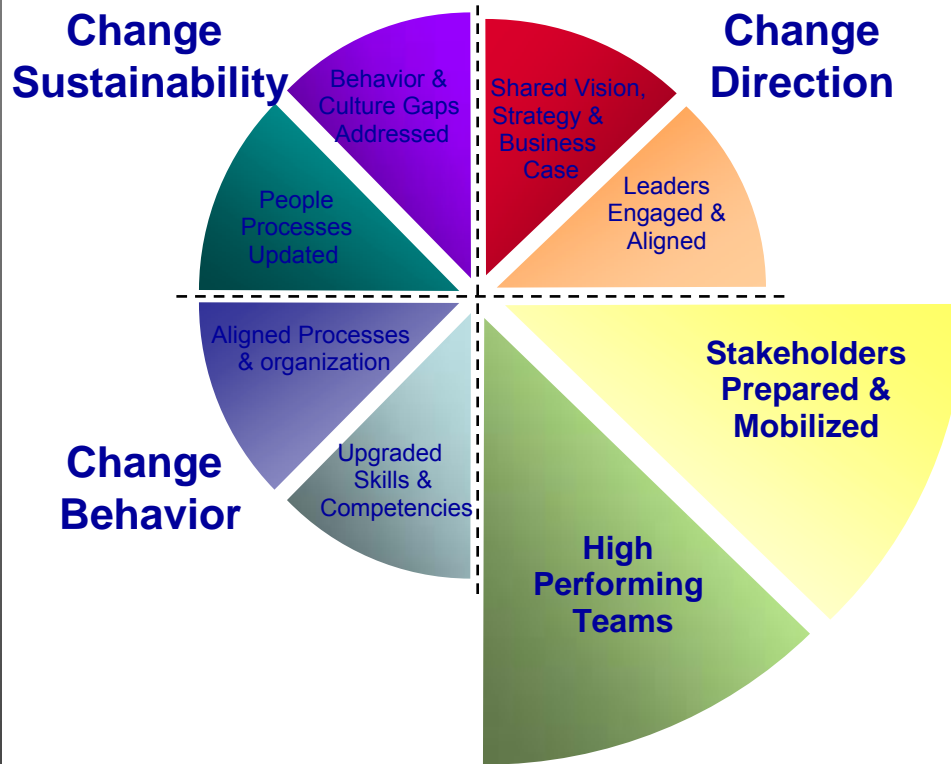
Leaders
Engaged &
Aligned



- Communicates the vision in a clear, compelling way
- Drives transformation from the top-down
- Demonstrates capacity to think and act on a larger scale
- Behaves outside of boundaries to get the job done
- Removes barriers and makes tough decisions and trade-offs
- Uses positional power and influence to achieve project success
- Allocates the resources needed for time, best people and funds
- Empowers, energizes and invigorates others – builds excitement for the project throughout it's life-cycle
- Understands/accepts accountability for results and sets/meets aggressive targets
- Uses rewards and recognition to encourage attitudes and behaviors consistent with achieving objectives



Section 4 – Change capability



Can we do it?

Key Requirements

- **Stakeholder involvement and mobilization**
- **Establish Transformation Management Infrastructure and decision making process**
- **Establish and Communicate Governance Structure, Framework, Toolkits and Reference Models**

Stakeholder prepared & mobilized



Getting the Ticket Holders on Board...



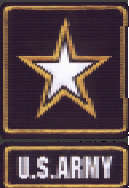
- Involve stakeholders in the ERP or BPM program change to create energy and enthusiasm for the change
- Builds individual and team commitment to support ERP or BPM program solution
- Mobilizes the right resources at the right time to adopt the implementation initiative
- Creates a critical mass to propel the change

Stakeholder commitment



Top-down driven change or change controlled by a project team without involvement of those impacted by the change, creates challenges and resistance to transformation.

Years of research and practical experience demonstrate that involving stakeholders in the changes that affect them, builds commitment to transformation.

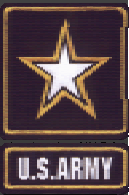


Characteristics of change “able” organizations



- Flexible
- Action oriented
- Strategic thinking, tactical planning, effective execution
- Value workforce involvement
- Learn from experience

Adapted from The Competent Manager, Boyatzis, R.

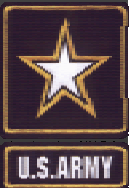


Increased change capability



People continually repeat the past, sapping confidence and energy, creating an organization that is poorly equipped to adopt future changes.

When organizations have the capacity to manage change, the balance between change and continuity becomes easier for everyone to support and achieve.

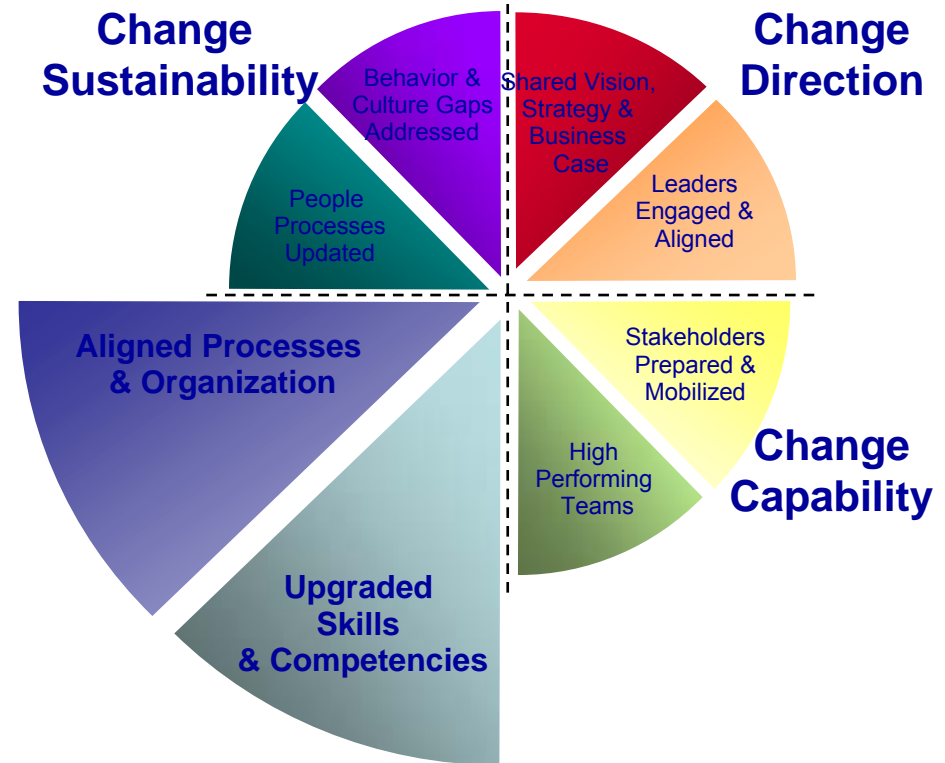


Section 5 – Change behavior

Will we do it?

Key Requirements

- Processes & practices to support ERP or BPM program strategy
- Organization & governance structure
- Rewards & recognitions tied to processes



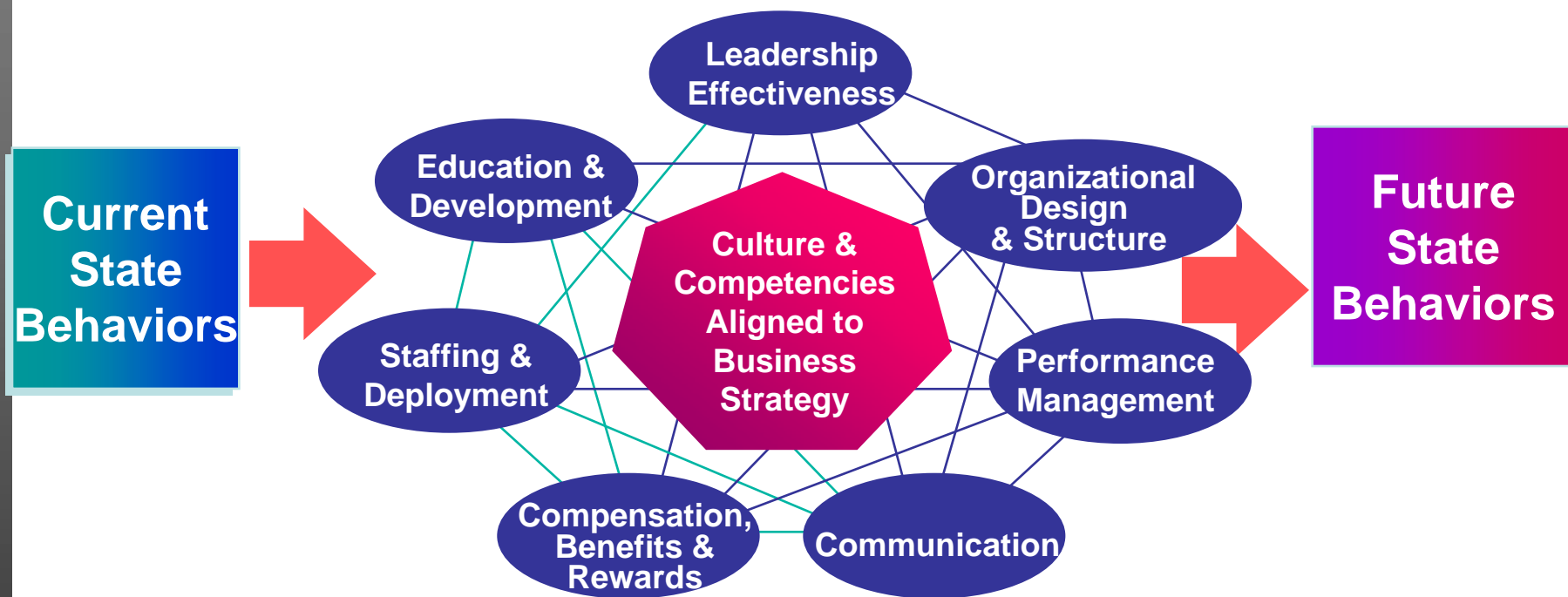
Upgrade skills & competencies



- Use the transformation approach to involve stakeholders in aligning the future state processes, resulting in buy-in and a sense of ownership within the organization
- Action plans developed by stakeholders close the gap between the current culture, and the ERP or BPM desired state

Concept of organizational alignment

Organizational Performance Levers



A structured approach for changing behavior by aligning people processes and organizational systems with the transformation initiative.

Establish performance enablers



- Uses organizational performance levers to shape, reinforce, and sustain desired performance to support the ERP or BPM program solution
- Creates the competencies that will transform how work gets done

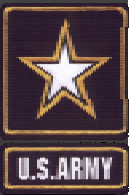
When organizational performance levers are aligned, they:

Aligned Processes
& Organizations

Upgraded
Skills &
Competencies



- Drive the behaviors needed for process, technology and people performance
- Create an environment where desired behaviors are modeled, developed, measured and rewarded
- Reinforce, sustain, and reshape desired performance over time

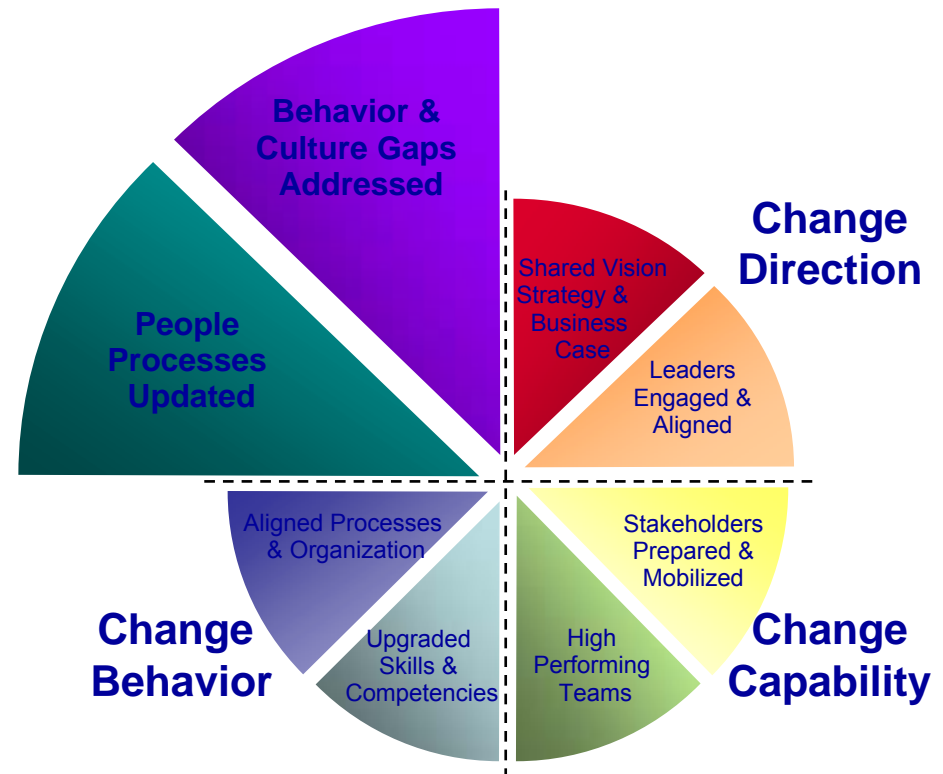


Module 6 – Change sustainability

Will we keep doing it?

Key Requirements

- Technology & systems to support strategy
- Organization & governance structure
- Measures tied to performance requirements
- Support processes to sustain behavior & performance levels

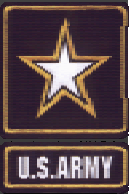


People processes updated



The Involvement Axiom:

“Involve some of the people all of the time,
all of the people some of the time,
communicate to all of the people all of the time.”

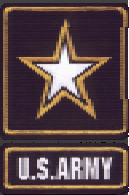


Why are people processes a transformation success factor?



People fall back on old behaviors when the performance system does not support the new or revised roles & responsibilities defined by the ERP or BPM program solution.

Behavioral changes needed are quickly adopted and experienced as the norm, thus allowing the ERP or BPM program changes to reap their full expected value.

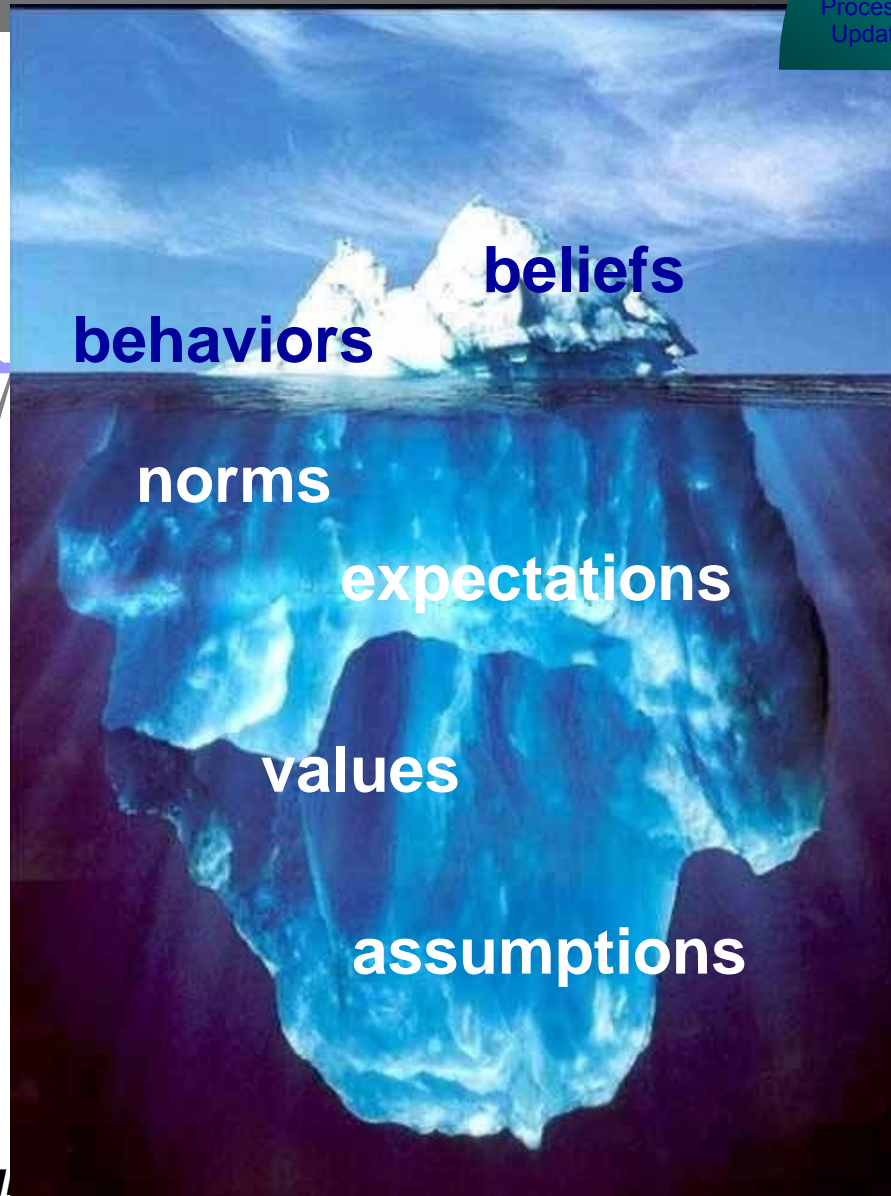


What is culture?

“Culture is the way we do things around here in order to succeed....

It affects people’s performance, either positively or adversely; it rarely is neutral.”

- Jack Welsh



Behavior &
Culture Gaps
Addressed

People
Processes
Updated



Objectives Revisited

After reviewing this presentation you will:

- Understand the basics of Transformation Management, and the Transformation Success Factors
- Understand how Transformation Management principles can be applied to support an ERP or BPM program
- Understand how a strong Transformation Management effort will contribute to an ERP or BPM program's success